



## News Release

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**IRS ISSUES SPRING 2001 STATISTICS OF INCOME BULLETIN**

WASHINGTON — Preliminary statistics for Tax Year 1999 released by the Internal Revenue Service today in the Spring 2001 issue of the *Statistics of Income Bulletin* indicate that taxpayers filed 127.1 million U.S. individual income tax returns for 1999, an increase of 1.9 percent from the 124.7 million returns filed for 1998. Adjusted gross income less deficit increased 8.6 percent to nearly \$5.9 trillion for 1999. Taxable income increased 10.1 percent to nearly \$4.1 trillion. Total income tax increased 12.2 percent to \$879.8 billion, and the alternative minimum tax rose 34.3 percent to \$5.9 billion for 1999.

At the same time, statutory adjustments to total income increased 10.5 percent, from \$49.8 billion to \$55.0 billion. Total deductions increased 6.1 percent to \$1,187.4 billion. Total tax credits used to offset income tax liabilities increased 21.0 percent to \$35.3 billion. This total included \$19.4 billion in child tax credits, claimed by nearly 26.1 million taxpayers, which was up 28.1 percent from \$15.2 billion claimed in 1998. Also in 1999, the total earned income credit for all income-size classes increased 1.6 percent to \$32.3 billion.

The Spring *Bulletin* includes an in-depth analysis of individual income tax returns for 1998. Some 124.8 million individual tax returns were filed for that year, and of these, more than 93.0 million, or 74.6 percent, showed an income tax liability. The average tax rate per return decreased for the first time since 1992, going from 15.34 percent for Tax Year 1997 to 15.28 percent for Tax Year 1998. This decrease is due to a full year of lower capital gains rates and the addition of the child and education tax credits for Tax Year 1998.

Also featured is an analysis of S corporation returns for 1998. Some 53.3 percent of all corporate returns are for S corporations. This figure grew more than 5.5 percent in 1998 to nearly 2.6 million returns. Tax Year 1998 was the second year that statistics identified the number of S corporations electing to treat a wholly owned subsidiary as a qualified Subchapter S subsidiary corporation (QSUB). The number of QSUB elections by some 3,100 S corporations increased nearly 62 percent over the previous year. Net income (less deficit) from a trade or business comprised 68.7 percent of total net income (less deficit) at \$124.9 billion.

Another article reports on "unrelated business" income from nonprofit organizations. For Tax Year 1997, these organizations reported \$1.4 billion of taxable profits, an 18-percent increase over 1996. About 39,302 organizations reported \$7.8 billion of aggregate gross unrelated business income for 1997. After applying \$8.5 billion of total deductions, the resulting overall unrelated business loss was \$0.7 billion.

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The \$2.1 billion of aggregate deficits reported for 1997 were one-and-a-half times larger than aggregate taxable profits. The unrelated business income tax liability imposed on taxable profits was \$418.4 million, an increase of 12 percent over 1996.

An additional article reports on the 7,500 largest foreign corporations (in total assets) controlled by large U.S. multinational corporations with more than \$500 million in total assets. In 1996, these corporations held \$2.7 trillion in assets and reported receipts of \$1.7 trillion. More than two-thirds of the controlled foreign corporations were concentrated in manufacturing (36.5 percent) or finance, insurance and real estate (33.0 percent).

The *Bulletin* further reports that, according to data on the philanthropic bequest patterns of wealthy Americans, some 78,023 individuals died with gross estates at or above the Federal estate tax filing threshold of \$600,000 during 1995. Some 14,283 estates reported \$10.1 billion in gross charitable bequests, about 7.0 percent of the \$143.9 billion in total charitable giving for 1995.

Also featured are statistics on foreign corporations with income effectively connected with a U.S. trade or business for Tax Year 1995. These data have only recently become available, although the tables for 1996 and 1997 have already been published. The 1995 data are being published at this time to provide a proper sequence of the historical time series on these corporations.

The Spring issue also presents the annual individual income tax return statistics by state, this time for returns filed for Tax Year 1999. California, New York and Texas continue to dominate. California was the leader with 14.5 million returns, \$752.7 billion in adjusted gross income, and \$120.2 billion in income tax.

The *Bulletin* also includes historical data on income, deductions, and tax reported on returns filed by individuals, corporations, and unincorporated businesses, with selected data presented for estates. Statistics are also presented on tax collections, including excise taxes by type, and refunds for recent years.

The *Statistics of Income Bulletin* is available from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. The annual subscription rate is \$35 (\$43.75 foreign); single issues cost \$22 (\$27.50 foreign). For more information about these data, write the Acting Director, Statistics of Income (SOI) Division, N:ADC:R:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608. Or you may check the World Wide Web at [www.irs.gov/tax\\_stats](http://www.irs.gov/tax_stats), telephone the SOI statistical information services office at (202) 874-0410, or fax to (202) 874-0964.

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